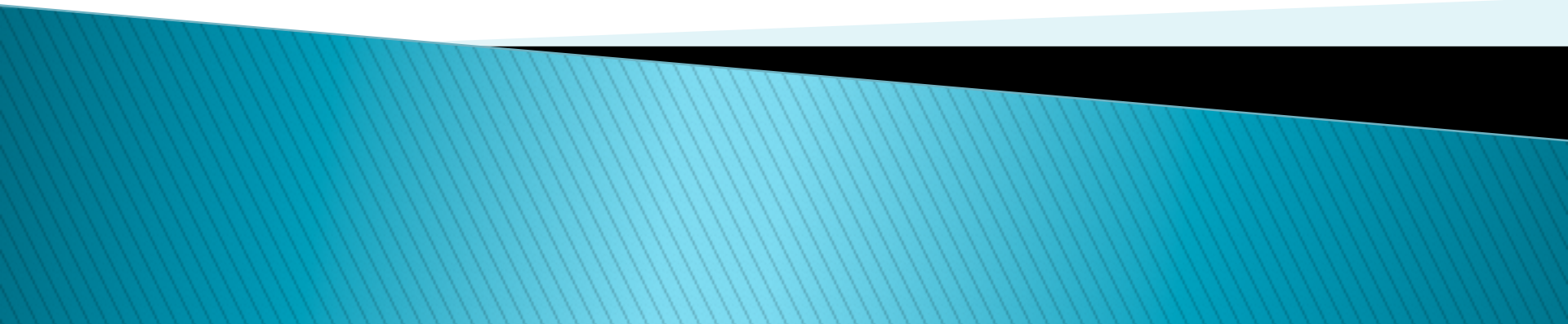


Starting a Proprietorship



Words to Know


Accounting -

The planning, recording, analyzing, and decision made from interpreting financial information in a business.

Accounting System - The Process

Accounting Records - The Summaries



- ▶ Accounting is the language of Business
 - ▶ By understanding accounting information, businesses can eliminate poor decisions and create opportunities for them to grow their business.
 - ▶ Business owners must also find ways to keep spending within their available income.
- 

The Accounting Equation

- ▶ **Service Business**
 - ▶ **Proprietorship**
 - ▶ **Asset**
 - ▶ **Equities**
 - ▶ **Liability**
 - ▶ **Owner's Equity**
 - ▶ **Accounting Equation**
- 

Encore Music

Owned by Barbara Trevino, she decided to start her own business of providing musical instrument lessons.

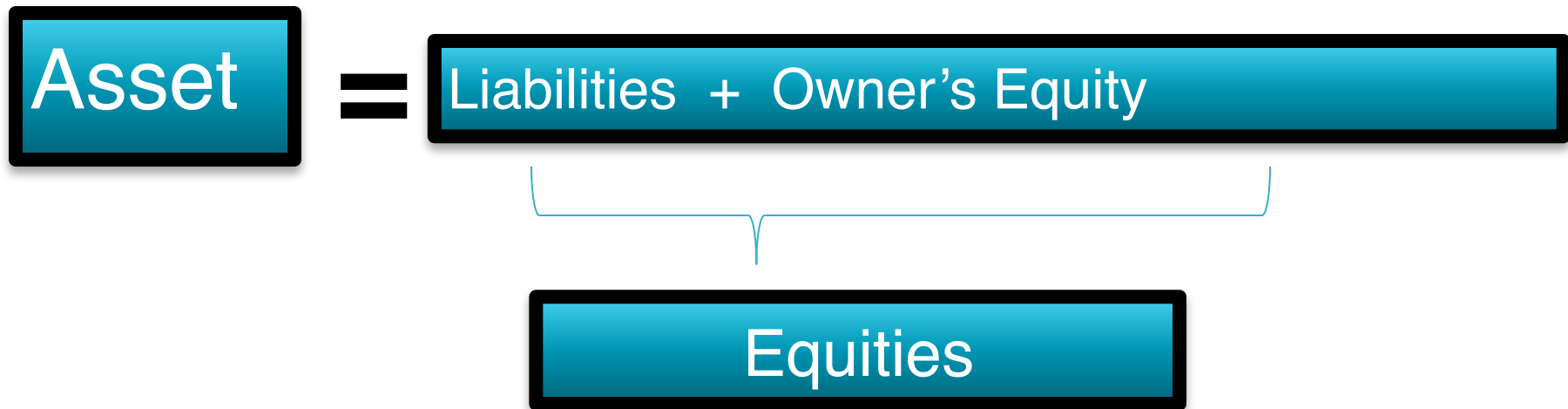
(Service Business)

For the accounting system and records in a proprietorship to be correct, Ms. Trevino must record her data in specific way in order to keep the business separate from her personal life.

Encore Music's financial records should not include any personal items like Ms. Trevino home or personal car because they have no effect on the business.



The Accounting Equation



Assets = Liabilities + Owner's Equity

This equation must always be balanced in order to be sure of correctness of the recording of the financial records.

Therefore the amount on the left **MUST** equal the amount on the right!

